

# City of Seattle Voluntary Deferred Compensation Plan Regular Trust Committee Meeting Minutes

Wednesday, December 8, 2016 11:00 am – 1:00 pm  
Seattle Municipal Tower, Room 5539

**TRUSTEES present:** Teri Allen, Bill Alves, Susan Coskey (phone, then in person), Scott Fuquay, Glen Lee, Ken Nakatsu and Brian Smith

**STAFF present:** Renee Freiboth, SDHR; Engel Lee and Jeff Slayton, CAO

**CONSULTANTS present:** Jake O'Shaughnessy (phone) and Stuart Payment, SageView Advisory Group; Jeff Curnutt, Thorson Barnett & McDonald

**GUESTS present:** none

## BUSINESS

**Opening:** Teri Allen, the Committee Chair, started the meeting at 11:04 am.

**Introductions:** All attendees introduced themselves.

**Public Comment:** There were no public comments.

**Minutes of November 9, 2016 Regular Meeting:** Teri asked for a review of these meeting minutes.

**MOTION:** Teri Allen moved to accept the November 9, 2016 Regular meeting minutes without changes. Scott Fuquay seconded the motion. Upon a call for a vote, the minutes were approved unanimously without change.

**Minutes of October 26, 2016 Special Meeting:** Renee raised a procedural question about information presented at this meeting during closed Executive Session. After discussion of various options, the group decided to have the information re-presented today during open session.

**SageView Advisory:** Jake O'Shaughnessy presented SageView Advisory's Due Diligence analysis of the Galliard Stable Value Fund (full name: Wells Fargo/Galliard Stable Return Fund). He reviewed the fund structure and indicated it was on the approved Stable Value Fund Managers list. SageView recommends that Galliard remains an appropriate and prudent choice for the Plan to offer.

**Revised Loan Policy:** Jeff Curnutt provided a draft restatement of the Plan's Loan Policy and reviewed the proposed changes with the Committee. (The second row of the table in the accompanying summary memo was corrected to read "*Maximum* Loan Amount" instead of "*Minimum* Loan Amount.") He indicated that all revisions to the Loan Policy have been reviewed and recommended by Plan staff as well as outside counsel, and Nationwide has confirmed it is able to administer the Loan Policy as amended.

**MOTION:** Teri Allen moved to approve the amended Plan Loan Policy as presented at today's meeting, with the revisions to be effective as of the date of transition to the new recordkeeper/custodian. Bill Alves seconded the motion. Upon a call for a vote, the motion was approved unanimously.

**Fee Equalization and Transparency:** Jake O'Shaughnessy presented "Considerations Regarding Plan Fee Assessment Methodology," which covered the general concept of how Plan fees may be assessed to participants, considerations in implementing a change to the assessment methodology at conversion versus after conversion to the new recordkeeper/custodian, and potential next steps that the Plan could take.

**MOTION:** Susan Coskey moved that the Plan take action to adopt the fee transparency and equalization measures presented at today's meeting, with the effective date of the change to be upon transition to the new recordkeeper/custodian. Bill Alves seconded the motion. Upon a call for a vote, the motion was approved unanimously.

Jake O'Shaughnessy presented the first two pages of "Participant Level Cost Allocation Scenarios" and facilitated a discussion of three different scenarios. In all three scenarios, the Recordkeeper/Custodian (RKC) costs would continue to be charged to the Plan as a percentage of the Plan's assets, consistent with the Committee's previously selected method for calculating Nationwide's fee during the first contract year. The three scenarios vary in how non-RKC expenses would be allocated to participants:

- Scenario One -- on a per head basis (100% flat dollar)
- Scenario Two -- as a hybrid of the per head and percentage of assets (e.g. 50% flat dollar; 50% basis points)
- Scenario Three -- as a percentage of their assets (100% basis points).

**MOTION:** Bill Alves moved that the Plan allocate Plan costs as outlined in Scenario Two. Ken Nakatsu seconded the motion. Upon a call for a vote, the motion did not pass, as there were four opposing votes.

The Committee again discussed each of the three Scenarios.

**MOTION:** Brian Smith moved that the Plan allocate Plan costs as outlined in Scenario Three. Glen Lee seconded the motion. Upon a call for a vote, the motion was approved unanimously.

**Recordkeeper/Custodian Transition Update:** Renee shared that the Administrative Services Agreement had been signed by both the Plan and by Nationwide, permission to transfer participant data had been given to Prudential, and both organizations are now working on the test file process. She also indicated that, if everything goes perfectly, the earliest possible date for vendor transition would be the end of April, and that a more reasonable expectation would be May or June.

**Future Agenda Items:** Renee indicated that an additional Special meeting might be necessary in January or February to cover Regular Business and/or recordkeeper/custodian transition issues that can't be postponed until the January or March Regular meeting times.

**Adjournment:** Teri Allen adjourned the meeting at 12:52.

**Next Meeting:** The next regular meeting is scheduled for Wednesday, January 25, 2017 at 10:00am in the Seattle Municipal Tower, Conference Room 4080.

FINAL